

## Income Verification

This bulletin applies to the Private School Choice Programs (Choice) which includes the Milwaukee Parental Choice Program (MPCP), Racine Parental Choice Program (RPCP), and Wisconsin Parental Choice Program (WPCP). Please see the Residency Documentation Bulletin for information about the residency requirements and the Application Verification FAQ for information on correcting OAS application data. These documents are available at <http://dpi.wi.gov/sms/choice-programs/student-applications-processing>.

The income eligibility determination is required in the first year a pupil applies to the MPCP, RPCP, or WPCP, or if the student has a break in enrollment at a Choice school (attends a public school, charter school, home schooling or non-Choice private school on the prior 2<sup>nd</sup> Friday in January or 3<sup>rd</sup> Friday in September count date). The income eligibility determination is not required for the following students:

- a) Students who were counted as a Choice student in the same program they are applying to on the previous count date.
- b) Students that had an eligible application and were on a waiting list in the prior school year for the same program they are applying to.
- c) Students applying to MPCP or RPCP who participated in the WPCP in the previous school year.

**Schools are required to keep all income and residency documentation. It is recommended that schools use the Student Application checklist available at <http://dpi.wi.gov/sms/choice-programs/student-applications-processing> to ensure that each student file includes all required documentation.**

### Determining Eligibility

Income eligibility requirements are as follows:

1. For MPCP and RPCP, only pupils with a family income at or below 300% of the poverty level in the prior year may participate in the MPCP and RPCP programs.
2. For WPCP, only pupils with a family income at or below 185% of the poverty level in the prior year may participate in the WPCP.

For purposes of determining Choice income eligibility, parent, family size, and the required income are defined as follows:

Parent: An individual who is either:

- (a) The pupil's biological parent, legal guardian, parent by adoption or step-parent who resides in the same household as the pupil applicant. A parent on military duty is considered to be residing in the household; or
- (b) If no individual meets the requirements in par. (a), an individual who has the legal authority to make educational decisions for the pupil.

Family Size: A family is a group of two or more people who reside together as part of the same household and who are related by birth, marriage, or adoption. Family size includes parents, student applicants, and other children who share at least one parent by birth, adoption or by a parent's current marriage.

Income included: Family income includes the federal adjusted gross income of the parents included in the family size. Note: No adjustments may be made to the income included, even if some of the income is a one-time amount or if the amount of income the parent now receives is less than what they previously received (such as a situation where a parent no longer works).

There are two ways to determine income eligibility: the Department of Revenue (DOR) income verification method or the Department of Public Instruction (DPI) income verification method.

#### **DOR Income Eligibility Determination Method**

All parents listed on the application must provide their social security number (SSN) or taxpayer ID number to the school in order for income to be verified by the DOR. Schools will then input the parent's SSN or taxpayer ID number in the Online Application System (OAS). Schools must complete a "Preliminary DOR Check" in OAS that will indicate if the DOR has the information available to determine income eligibility for the parents on the application. An indication that this information is available **does not** mean that the application will be determined income eligible.

The school must confirm with the parent that they would like to use the DOR method and indicate this in the OAS. If the DOR method is selected, the DOR will determine if an application qualifies based on the 2016 income tax return(s). If the 2016 income tax return is not available, the DOR will determine eligibility based on the 2015 income tax return. If the parents are married, their combined income will be reduced by \$7,000 when determining income eligibility for the program. If the "preliminary DOR check" indicates the DOR has no records and is unable to verify income based on the information provided, the parent must complete the DPI income method portions of the online parent application and submit the required supporting income documentation to the school before the end of the open application period. If the parent does not complete this before the end of the open application period, the application is not eligible.

If the parent(s) do not provide their social security number or tax id number, they must complete the DPI income determination process in the online parent application. If the parent does not complete this before the end of the open application period, the application is not eligible.

**DPI's Income Eligibility Determination Method**

If the DPI income determination method is used the parent(s) will be required to answer a series of income-related questions in the online parent application to determine if the family is income eligible.

The DPI income determination method is based on the 2016 income. The online application will first ask the parent if they have filed their 2016 federal income tax return (1040, 1040A, or 1040EZ). If so, the online parent application will require the adjusted gross income on the return. A signed and dated federal income tax form 1040 must be provided to the school supporting the amount. The return provided to the school must include the first two pages of the return. If the return is a joint tax return, both taxpayers must sign and date the form. The Wisconsin tax return, e-file signature authorization form, or other schedules from the 1040 are NOT acceptable income documentation.

If a federal income tax return was not completed, the parent must indicate what 2016 income the family received. This includes indicating if the family had: 1) wages included on a 2016 W2 tax form or a final, December 2016 earning statement, 2) any 2016 1099 tax forms, and/or 3) any cash income. If a parent had 2016 cash income, they will be required to provide the following in the online parent application: 1) the name of the parent that had cash income and the amount; 2) an indication that no written documentation can be provided for the amount received and has not been or will not be included on an income tax form; and 3) the source of the income (name of employer or if self-employed, the self-employed activity). The school does not need to obtain any supporting documentation for cash income if the parent indicated that they received cash income.

The school must obtain the 2016 W2 tax form, final, December 2016 earning statement, and any 2016 1099s indicated on the OAS Application Verification screen. The school must ensure that the amount on the OAS Application Verification screen matches the income documentation. If the amount does not match the tax return and it is before the end of the open application period in which the application was received, ask that the parent log back into the online parent application and correct the amount(s). If it is after the open application period in which the application was received, determine if the application is income eligible with the correct amount of income. If the parents are married, their combined income should be reduced by \$7,000 when determining income eligibility for the program. If the application is eligible with the correct amount, the school may accept the supporting documentation (no correction to OAS is required). If not, the application must be determined ineligible.

The following are NOT included in the income calculation:

- Public assistance programs such as Wisconsin Works (W2) cash benefits, FoodShare, and Caretaker Supplement.
- Child support payments. *Alimony payments are considered taxable and must be included as income.*
- Supplemental Security Income "SSI." *Social security benefits are included as income in the application whereas SSI is not included in income. Therefore, it is important to determine if SSI or social security benefits were received.*
- Amounts received under W2 (Wisconsin Works) by an individual for job access loans, health care coverage, child care subsidies, and transportation assistance. *Amounts received under W2 for trial jobs are considered taxable and must be included as income.*
- Tax credits such as the federal earned income credit, the federal child tax credit, the Wisconsin earned income credit and the Wisconsin homestead credit.

If the combined income on the online parent application for all parents equals \$0 the school must also complete the following:

- 1) Review the parent's explanation of how basic needs (food, clothing, and shelter) were met to ensure it is sufficient.
- 2) If any government assistance is indicated in the explanation of basic needs, determine that the program is also checked in the government assistance provided section.
- 3) Determine that the explanation of basic needs does **not** indicate that the parent received any income (even if cash income). If there is any income identified, the parent must log back into the online parent application and include this income in the online parent application before the end of the open application period. If the parent has any income and it is after the open application period in which the application was received, the application is ineligible.
- 4) Obtain documentation showing 2016 participation in all government assistance programs the parent identified they participated in during 2016. This must be a statement from the assistance provider indicating the parent received the assistance in 2016. In most cases, parents can obtain and print a statement of government benefits they have received by using the Wisconsin Department of Health Services online tool at <https://access.wisconsin.gov/> (Access.gov). To access a statement of government benefits received, parents will need to create an online account and enter their SSN or pin number, their date of birth and their case information. If a statement is used from the Access.gov website, ensure the print screen includes the parent name, shows the type of assistance received, and that the assistance was received in 2016.

**All income documentation must be obtained in the same open application period in which the Choice application is received.**

*Foster children and children in the kinship care program are counted as a family of one (1) because they are supported by the state or county. Therefore, the income of parents is **not** counted when determining eligibility for the Choice program. The parent should indicate that the pupil is in kinship care or foster care on the online parent application. Documentation supporting the pupil's participation in foster care or kinship care must be provided to the school.*

An adopted child that has been legally adopted is the full financial responsibility of the individual who adopted him or her; therefore, the parent(s) income is counted in the case of an adopted child.

### **Tuition**

Students in grades 9-12 may be charged tuition, in an amount determined by the private school, if the student's family income exceeds 220% of the federal poverty level. Applicants with married parents or legal guardians shall reduce their family income by \$7,000 in order to determine if tuition may be charged. Students in grades K-8 may not be charged any tuition, regardless of their income.

Schools must annually determine income eligibility in order to charge students in grades 9-12 tuition. A Tuition Income Determination form is available to assist with this determination. Schools must establish a process for the governing body of the school to accept appeals regarding determinations to charge tuition. For additional information see the Student Application Processing webpage at <http://dpi.wi.gov/sms/choice-programs/student-applications-processing> for the Student Tuition and Fees Information Bulletin which includes information on the income requirements related to charging tuition to pupils and for the Tuition Income Determination form.